

REMARKS*Claim Status*

Claims 1, 2, 5, 9-11, 14, 16-19, and 21-24 are amended herein. No claim is newly added or cancelled herein. No new matter is introduced. The independent claim 1 and its corresponding system claim 17 are amended herein to more particularly point out the subject matter which the inventor regards as the invention. Claims 2, 5, 9-11, 14, 16, 18-19, and 21-24 are correspondingly amended. Support for the amendments can be found in the Specification of the present application as originally filed. By this Amendment, claims 1-3 and 5-24 are pending.

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For the Record

On April 13, 2004, in response to the Final Office Action mailed on April 7, 2004, the undersigned contacted the Examiner and the Examiner's supervisor, Mr. Hyung S. Sough, for arranging a telephonic interview with the undersigned and the principle agent of record, Mr.

15 Marek Albozsta.

On April 13, 2004, Mr. Sough agreed to participate in the interview.

On April 23, 2004, a formal request with proposed claim amendments, hereinafter referred to as the "Request", was filed in compliance with 37 CFR 1.133. It was formally requested that both the Examiner and the Examiner's supervisor be present at the interview.

The undersigned subsequently contacted the Examiner several times and re-filed the formal Request on May 13, 2004 at the request of the Examiner. The Examiner made the arrangement for the interview to take place on June 2, 2004. It was understood that the Examiner's supervisor would also be present as agreed. The undersigned correspondingly
5 made the arrangement with the principle agent, Mr. Albozsta.

On June 2, 2004, the Examiner's supervisor was absent from the scheduled interview without prior notice. The Examiner nevertheless conducted an hour long interview with Mr. Albozsta and the undersigned, during which the Examiner agreed that the finality of the Office Action
10 should be withdrawn, because the Final Office Action did NOT rebut or dispute all of the arguments raised in the Reply filed on January 5, 2004, as submitted in the Request. The indication of the withdrawal of finality was timely communicated to the inventor/applicant.

On June 9, 2004, in accordance with the Examiner's feedback during the interview and with
15 the approval of the inventor/applicant, a formal Reply was filed under 37 CFR 1.116.

On August 10, 2004, the undersigned's assistant called the Examiner regarding the status of
16 the application.

20 On August 16, 2004, the Advisory Action was mailed.

Rebuttals

After the Examiner had agreed to withdraw the finality on June 2, 2004, and without any notice, oral or written, to the Applicant until August 10, 2004, the Examiner has decided not to withdraw finality *because* the claimed invention does not distinguish over Byrne
5 [Advisory Action, page 2].

Below is a bona fide attempt to clarify at least two pertinent issues at hand. First, the ground for finality. Second, the ground for rejection.

10 The Examiner's attention is directed to pages 8-9 of the Remarks filed on April 23, 2004 and re-filed on May 13, 2004. As submitted in the Request, the ground for withdrawing finality is based on the fact that the final Office action mailed on April 7, 2004 did NOT rebut or dispute ALL of the arguments raised in the previous Reply, as required under 37 CFR § 1.104. Thus, procedurally, the finality was improper and should have been withdrawn. This
15 was communicated to the Examiner during the interview occurred on June 2, 2004.

Moreover, the Advisory Action states that *because* the claimed invention does not distinguish over Byrne, the Reply does NOT place the application in condition for allowance. This seems to contradict the Examiner's own statement that the Examiner
20 understands the different [sic] between the invention with [sic] the Byrne's [sic] reference. What is more, if Byrne *were* cited for anticipating the claimed invention, one difference is enough to distinguish Byrne from the claimed invention under 35 U.S.C. § 102,
see, also, MPEP 2131.

However, Byrne was applied to claims 1-3 and 5-24 under 35 U.S.C. § 103(a) from the very first Office action. It is, therefore, within the Examiner's authority and duty to ascertain obviousness in the differences between Byrne and the claimed invention *as one skilled in the art would have at the time of the invention.*

Ascertaining the differences between Byrne and the claimed invention requires interpreting the claim language, *and* considering both the invention and Byrne as a whole.

10 More importantly, obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention **where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art.** See, *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988); *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

Independent claims 1 and 17 respectively recites a computer having **a betting exchange unit that is programmed to conduct an iterative betting process.** NOWHERE in Byrne teach or suggest such a betting exchange unit.

20 Furthermore, the skills/motivation required to modify Byrne so to arrive at the invention as claimed were NOT in the *general knowledge available* to one of ordinary skill in the art. The Examiner has not rebutted or disputed this and many previously presented arguments,

particularly those on pages 7-14 of the Remarks filed on January 5, 2004, **which are still relevant to Byrne** and are therefore incorporated herein by reference.

5 The Request for Continued Examination is nevertheless filed herewith as a bona fide attempt to expedite the prosecution of the present application, which was filed almost five years ago.

More than five years ago, the present inventor foresaw the limitations of betting on uncertain events. To overcome these limitations, the present inventor invented a complex reiterative betting, or grammatically correct “*iterative betting*”, process and system that is embodied in a 10 betting exchange unit [Spec. page 3, lines 3-27].

A recent article, published in May 2004, by Dr. David M. Pennock, “Dynamic Pari-Mutuel Market for Hedging, Wagering, and Information Aggregation,” cited in the Information Disclosure Statement concurrently filed herewith, expressly discusses these limitations. Dr. 15 Pennock is perhaps the first skillful scientist who also tries to overcome these limitations. He calls for a “repeated pari-mutuel market” that considers “changing information” in a dynamic environment [Pennock, 2.1, at page 3].

The present invention also relates to financial instruments and betting on the outcome of any uncertain event, where the rate of return is determined by market forces and can be repeated to update the rate of return as market forces changes [Spec., **Field of the Invention**, page 1]. Since the reiterative (iterative) betting method and system according to the present invention

can be repeated to update the rate of return as market forces changes [id.], it advantageously enables long term betting in a financial market, fulfilling a long-felt need in the art.

The Examiner acknowledges that the claimed invention is different from Byrne. **Byrne lacks**
5 **particulars of a betting exchange unit implementing an iterative betting process** on outcomes of an uncertain event where the rate of return is determined by market forces. Not only the differences between Byrne and the claimed invention were NOT taught or suggested by Byrne itself, they were NOT in the general knowledge available to one skilled in the art at the time the invention was made. This is evident from the recent publication of Dr.
10 Pennock's article.

Therefore, the claimed invention is unobvious over Byrne under 35 U.S.C. § 103(a) and therefore should be allowed.

15 The Examiner is invited to telephone the undersigned for discussing any suggested actions, issues, and/or amendments that would expedite the prosecution process and forward the present application to allowance. The undersigned can be reached at 650-331-8413, 10AM-7PM PST, Monday-Friday.

Respectfully submitted,



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